



House of Representatives

General Assembly

File No. 178

February Session, 2006

House Bill No. 5541

House of Representatives, March 28, 2006

The Committee on Judiciary reported through REP. LAWLOR of the 99th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE CONVERSION OF PARTNERSHIPS TO LIMITED LIABILITY COMPANIES AND THE DISSOLUTION OF PARTNERSHIPS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 34-199 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) A domestic general partnership formed under or governed by
4 the provisions of sections 34-300 to 34-434, inclusive, or a domestic
5 limited partnership formed under or governed by the provisions of
6 sections 34-9 to 34-38q, inclusive, may convert to a limited liability
7 company by filing articles of organization that meet the requirements
8 of section 34-121, and include the following: (1) A statement that the
9 limited liability company is formed as the result of the conversion of a
10 general partnership or a limited partnership; (2) the name of the
11 former general partnership or limited partnership; and (3) in the case
12 of a general partnership, its initial date of formation, or in the case of a
13 limited partnership, the date of filing of the initial certificate of limited
14 partnership.

15 (b) The terms and conditions of a conversion of a domestic general
 16 partnership or domestic limited partnership to a limited liability
 17 company shall be approved by the partners in the manner provided in
 18 the partnership agreement for amendments to the partnership
 19 agreement or, if no such provision is made in a partnership agreement,
 20 by all the partners.

21 (c) Notwithstanding the provisions of section 34-398, subsection (a)
 22 of this section governs any conversion of a domestic general
 23 partnership or domestic limited partnership to a limited liability
 24 company filed on or after July 1, 1997.

25 Sec. 2. Subdivision (2) of section 34-372 of the general statutes is
 26 repealed and the following is substituted in lieu thereof (*Effective*
 27 *October 1, 2006*):

28 (2) In a partnership for a definite term or particular undertaking: (A)
 29 [The expiration of] Within ninety days after a partner's dissociation by
 30 death or otherwise under subdivisions (6) to (10), inclusive, of section
 31 34-355 or wrongful dissociation under subsection (b) of section 34-356,
 32 the express will of at least half of the remaining partners to wind up
 33 the partnership business, for which purpose a partner's rightful
 34 dissociation pursuant to subparagraph (A) of subdivision (2) of
 35 subsection (b) of section 34-356 constitutes the expression of that
 36 partner's will to wind up the partnership business; (B) the express will
 37 of all of the partners to wind up the partnership business; or (C) the
 38 expiration of the term or the completion of the undertaking.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	34-199
Sec. 2	<i>October 1, 2006</i>	34-372(2)

JUD *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill makes technical and conforming changes that have no fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**HB 5541*****AN ACT CONCERNING THE CONVERSION OF PARTNERSHIPS TO LIMITED LIABILITY COMPANIES AND THE DISSOLUTION OF PARTNERSHIPS.*****SUMMARY:**

This bill authorizes general partnerships governed by the Uniform Partnership Act and limited partnerships governed by the Uniform Limited Partnership Act to convert to a limited liability company (LLC). By law, general partnerships and limited partnerships formed under these acts may already convert to a limited liability company (LLC) by filing articles of organization that meet certain requirements.

The law allows general and limited partnerships formed before these uniform acts became law to be governed by them by taking certain actions. The bill also validates conversions of general partnerships to a LLC that occurred on or after July 1, 1997 if they were governed by these uniform laws when they converted.

The bill clarifies the circumstances under which a partnership for a definite term or a particular undertaking is dissolved. The law requires dissolution only if, after a partner dies or dissociates, a majority of the remaining partners express the desire to dissolve it. The bill makes it clear that the partners must do so within, instead of at the expiration of, 90 days after the death or other act of dissociation.

EFFECTIVE DATE: October 1, 2006, except the provision dealing with conversions to an LLC becomes effective upon passage.

BACKGROUND***Related Laws***

Effective January 2, 2002, the Uniform Partnership Act governs all

partnerships, regardless of when they were formed (CGS § 34-398(b)). Between July 1, 1997, the date the Uniform Partnership Act became effective, and January 2, 2002, partnerships formed under prior laws could elect to be governed by it (CGS § 34-398(a)(2)).

Limited partnerships formed before the passage of the Uniform Limited Partnership Act in 1979, may become a limited partnership formed under that act by complying with the requirements of CGS § 34-10, which governs the formation of limited partnerships under the act (CGS § 34-38).

COMMITTEE ACTION

Judiciary Committee

Joint Favorable

Yea 38 Nay 0 (03/13/2006)